

**JOSEPH TOWN**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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# *Kimball & Roberts*

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*A Professional Corporation*

*Box 663*

*Richfield, Utah 84701*

*Phone 896-6488*


Honorable Mayor and Town Council  
Joseph Town  
Joseph, Utah 84739

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Joseph Town as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Joseph Town.

A review consists principally of inquiries of Town personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management discussion and analysis and budgetary comparison information on pages 4 through 13 and 40 through 42, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

Richfield, Utah  
January 19, 2007

**TOWN OF JOSEPH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2006**

This discussion of Joseph Town's financial performance provides an overview of the Town's financial activities for the year ending June 30, 2006. This report is in conjunction with the Town's financial statements.

The purpose of the Town is to provide general services to its residents which includes general government, highways and streets, parks and cemetery and economic development.

**Financial Highlights**

- \* The assets of the Town exceeded its liabilities as of the close of the most recent year by \$1,374,639 (net assets). Of this amount, \$52,758 (unrestricted net assets) which may be used to meet its ongoing obligations to citizens and creditors.
- \* The government's total net assets increased by \$10,180. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- \* At the close of the current year, the Town's governmental funds reported ending fund balances of a negative \$20,576 a decrease of \$53,314 in comparison with the prior year.
- \* At the end of the current year, unreserved fund balance for the general fund was a negative \$22,732.
- \* The Town's total debt decreased by \$12,000 during the current year.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, highways and streets, parks and cemetery and economic development.

Refer to the table of contents for the location of the government-wide financial statements.

## **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and enterprise funds.

### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Joseph Town maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the cemetery perpetual care fund.

The Town adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Refer to the table of contents for the location of the basic governmental fund financial statements.

### **Proprietary Funds**

Joseph Town maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, garbage and landfill.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

### **Notes To The Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town.

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Joseph Town, assets exceeded liabilities by \$1,374,639 at the close of the most recent fiscal year. By far the largest portion of the Town's net assets (95 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net assets (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$52,758) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Town is able to report positive balances in all three categories of net assets; both for the government as a whole, as well as for its separate governmental and business-type activities except for the negative balance in the General Fund's unrestricted net assets.

### Joseph Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	4,184	36,007	89,045	86,455	93,229	122,462
Capital Assets	275,669	289,877	1,348,891	1,285,868	1,624,560	1,575,745
<b>Total Assets</b>	<b>279,853</b>	<b>325,884</b>	<b>1,437,936</b>	<b>1,372,323</b>	<b>1,717,789</b>	<b>1,698,207</b>
Long-Term Liabilities	-	-	299,000	323,000	299,000	323,000
Other Liabilities	24,760	3,268	19,390	7,480	44,150	10,748
<b>Total Liabilities</b>	<b>24,760</b>	<b>3,268</b>	<b>318,390</b>	<b>330,480</b>	<b>343,150</b>	<b>333,748</b>
<b>Net Assets:</b>						
Invested in Capital Assets						
Net of Related Debt	275,669	289,877	1,037,891	958,018	1,313,560	1,247,895
Restricted	2,156	27,156	6,165	3,210	8,321	30,366
Unrestricted	(22,732)	5,583	75,490	80,615	52,758	86,198
<b>Total Net Assets</b>	<b>255,093</b>	<b>322,616</b>	<b>1,119,546</b>	<b>1,041,843</b>	<b>1,374,639</b>	<b>1,364,459</b>

### Governmental Activities

Governmental activities decreased Joseph Town's net assets by \$67,523.

### Joseph Town Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	9,524	32,202	87,057	86,003	96,581	118,205
Operating Grants	29,492	17,254	-	-	29,492	17,254
Capital Grants	-	37,792	99,198	-	99,198	-
General Revenues:						
Property Taxes	6,345	5,510	-	-	6,345	5,510
Other Taxes	24,460	22,531	-	-	24,460	22,531
Impact Fees	-	-	2,810	2,500	2,810	2,500
Unrestricted Investment Earnings	3,194	2,493	224	132	3,418	2,625
<b>Total Revenues</b>	<b>73,015</b>	<b>117,782</b>	<b>189,289</b>	<b>88,635</b>	<b>262,304</b>	<b>168,625</b>
<b>Expenses:</b>						
General Government	46,868	22,446	-	-	46,868	22,446
Highways & Streets	81,279	81,478	-	-	81,279	81,478
Parks and Cemetery	6,977	5,835	-	-	6,977	5,835
Economic Development	5,414	10,370	-	-	5,414	10,370
Water, Garbage & Landfill	-	-	111,586	126,292	111,586	126,292
<b>Total Expenses</b>	<b>140,538</b>	<b>120,129</b>	<b>111,586</b>	<b>126,292</b>	<b>252,124</b>	<b>246,421</b>
<b>Increase in Net Assets Before Transfers</b>	<b>(67,523)</b>	<b>(2,347)</b>	<b>77,703</b>	<b>(37,657)</b>	<b>10,180</b>	<b>(77,796)</b>
<b>Transfers</b>	<b>-</b>	<b>14,000</b>	<b>-</b>	<b>(14,000)</b>	<b>-</b>	<b>-</b>
<b>Increase in Net Assets</b>	<b>(67,523)</b>	<b>11,653</b>	<b>77,703</b>	<b>(51,657)</b>	<b>10,180</b>	<b>(40,004)</b>
<b>Net Assets - Beginning</b>	<b>322,616</b>	<b>310,963</b>	<b>1,041,843</b>	<b>1,093,500</b>	<b>1,364,459</b>	<b>1,404,463</b>
<b>Net Total Net Assets</b>	<b>255,093</b>	<b>322,616</b>	<b>1,119,546</b>	<b>1,041,843</b>	<b>1,374,639</b>	<b>1,364,459</b>

\* The City received operating grants of \$19,769 for Class C roads and \$400 liquor law funds. The Town also received capital grants of \$99,198 for improvements to their water system.

For the most part, other increases in expenses closely paralleled inflation and growth in the demand for services.

#### **Business-Type Activities**

Business-type activities increased the Town's net assets by \$77,703.

\* The total increase in the business-type activities costs for the water fund is attributed to the cost of water system addition.

\* The depreciation in the enterprise fund decreased by \$80 from the prior year.

## **Financial Analysis of the Government's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Town's governmental funds reported combined ending fund balances of a negative (\$22,732), a decrease of \$53,314 in comparison with the prior year. At year end the total unreserved fund balance was (\$22,732). The Perpetual Care fund is reserved to indicate that it is not available for new spending because it has already been committed to cemetery perpetual care of \$2,156.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 0 percent of total general fund expenditures, while total fund balance represents 0 percent of that same amount.

### **Proprietary Funds**

The Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water, garbage and landfill fund at the end of the year was \$75,490. During the year there were additions to the water system of \$106,729. Other factors concerning the finances of these funds has already been addressed in the discussion of the Town's business-type activities.

### **General Fund Budgetary Highlights**

There were no differences between the beginning and ending budgets.

Actual revenues were less than budgeted revenues by \$310,824 and actual expenditures were less than budgeted expenditures by \$257,510 resulting in a net decrease in fund balance of \$53,314.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

Joseph Town's investment in capital assets for its governmental activities as of June 30, 2006, was \$275,669 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and infrastructure, which includes roads, highways and bridges.

The additions during the year were; \$6,784 for a riding lawnmower.



**Joseph Town's Capital Assets**  
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	15,992	15,992	-	-	15,992	15,992
Infrastructure	136,785	150,773	-	-	136,785	150,773
Buildings	96,066	99,708	58,630	60,710	154,696	160,418
Improvements Other than Buildings	-	-	1,175,612	1,213,278	1,175,612	1,213,278
Equipment	26,826	23,404	7,920	11,880	34,746	35,284
Construction in Progress	-	-	106,729	-	106,729	-
<b>Total</b>	<b>275,669</b>	<b>289,877</b>	<b>1,348,891</b>	<b>1,285,868</b>	<b>1,624,560</b>	<b>1,575,745</b>

Additional information on the Town's capital assets can be found in the notes to the financial statements.

**Long -Term Debt**

At the end of the current year, the Town had total bonded debt outstanding of \$311,000. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

**Joseph Town's Long-Term Debt**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue Bonds	-	-	311,000	323,000	311,000	323,000

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the Town. The Town has no general obligation debt.

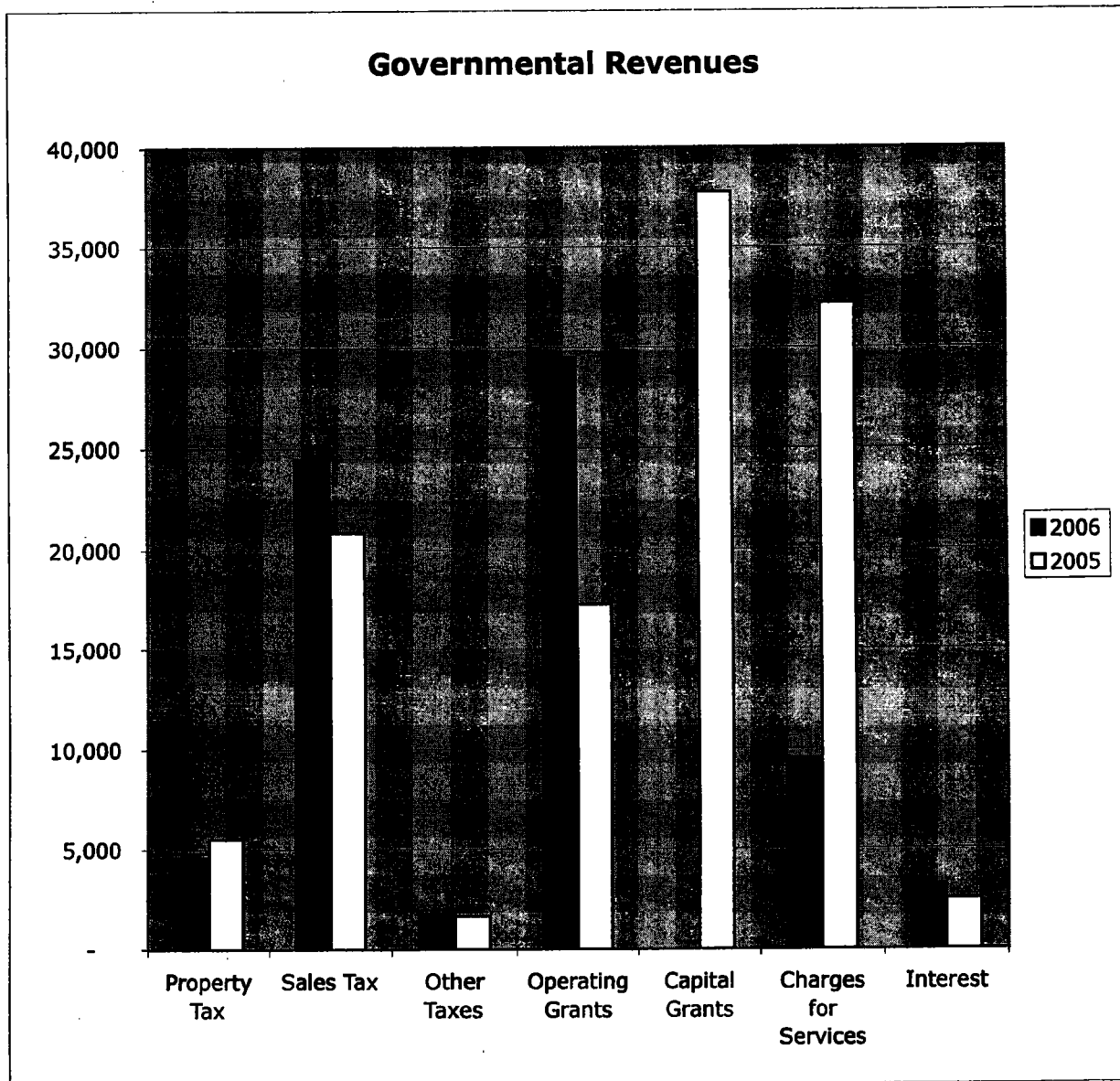
Additional information on the Town's long-term debt can be found in the notes of the financial statements.

**Request for Information**

This financial report is designed to provide a general overview of Joseph Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Joseph Town Clerk, 60 North State, Joseph, Utah, 84739.

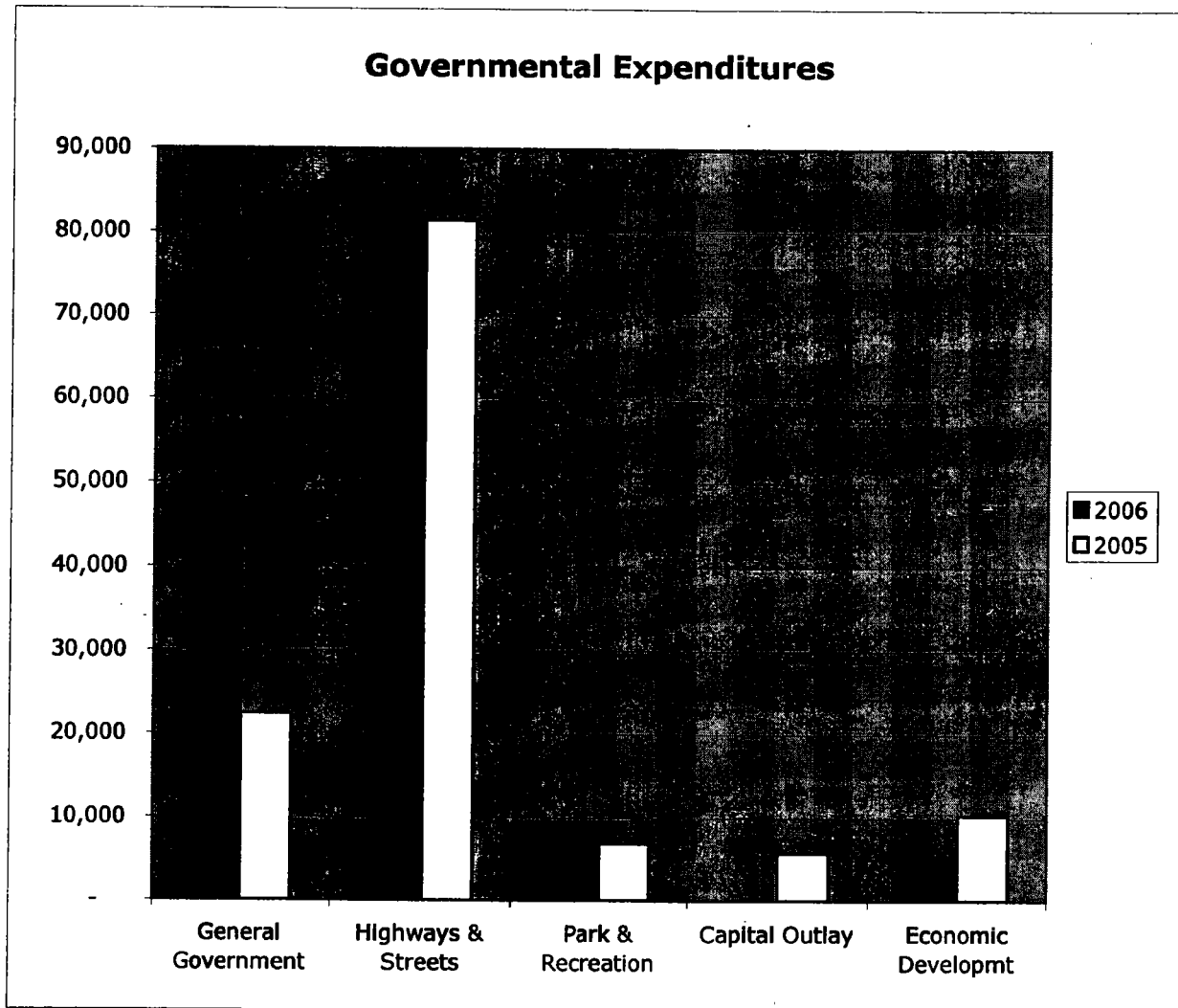
**Town of Joseph  
Governmental Revenues  
For The Fiscal Years Ending June 30, 2006 and 2005**

	2006	2005
Property Tax	4,584	5,510
Sales Tax	24,460	20,873
Other Taxes	1,761	1,658
Operating Grants	29,492	17,254
Capital Grants	-	37,792
Charges for Services	9,524	32,202
Interest	3,194	2,493
<b>Total Revenues</b>	<b>73,015</b>	<b>117,782</b>



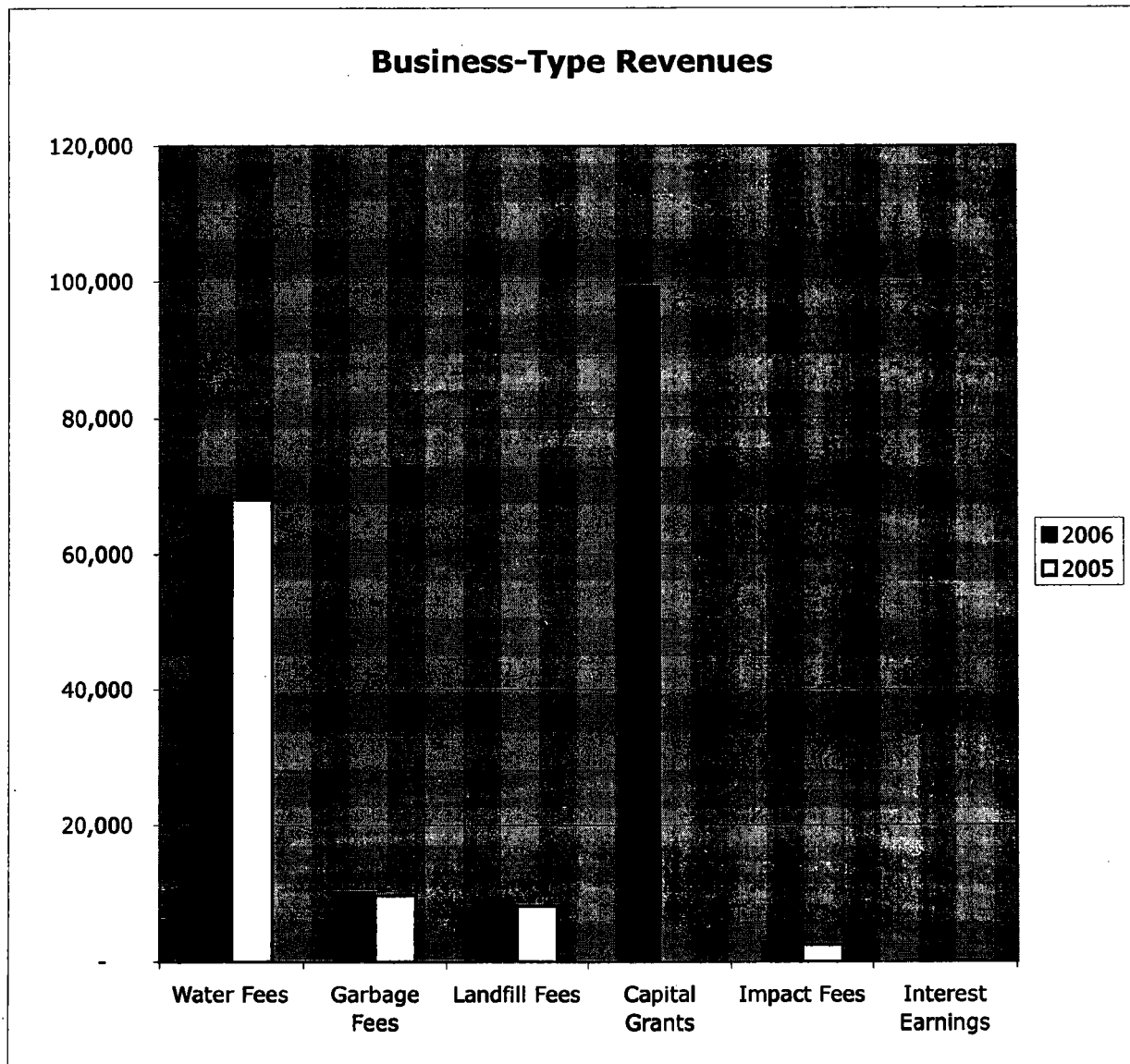
**Town of Joseph  
Governmental Expenditures  
For The Fiscal Years Ending June 30, 2006 and 2005**

	2006	2005
General Government	46,868	22,446
Highways & Streets	81,279	81,478
Park & Recreation	6,977	6,941
Capital Outlay	-	5,835
Economic Developmt	5,414	10,370
<b>Total Expenditures</b>	<b>140,538</b>	<b>127,070</b>



**Town of Joseph  
Business-Type Revenues  
For The Fiscal Years Ending June 30, 2006 and 2005**

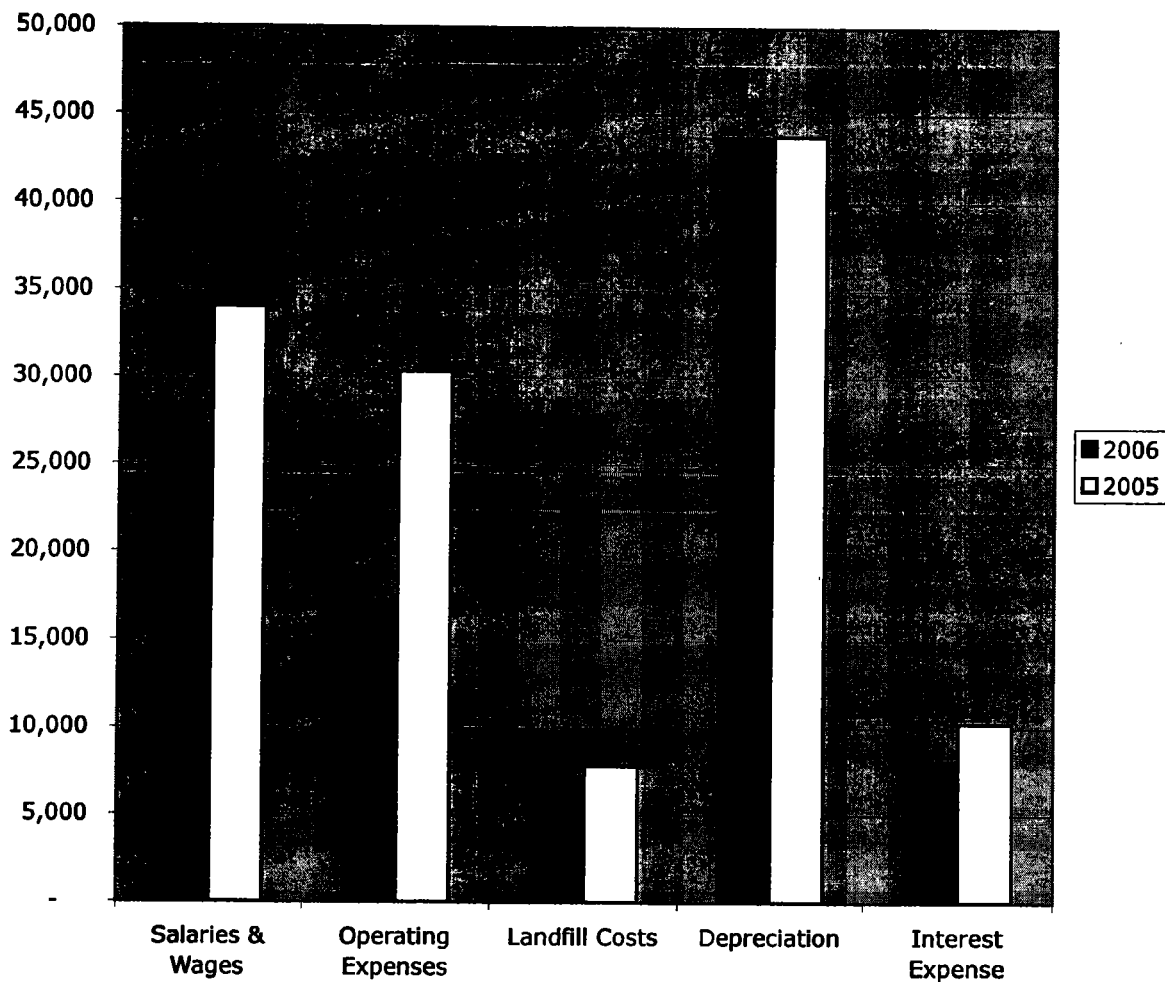
	2006	2005
Water Fees	68,620	68,125
Garbage Fees	10,131	9,717
Landfill Fees	8,306	8,161
Capital Grants	99,198	-
Impact Fees	2,810	2,500
Interest Earnings	224	132
<b>Total Revenues</b>	<b>189,289</b>	<b>88,635</b>



**Town of Joseph**  
**Business Type Expenditures**  
**For The Fiscal Years Ending June 30, 2006 and 2005**

	2006	2005
Salaries & Wages	27,175	34,032
Operating Expenses	17,225	30,341
Landfill Costs	7,230	7,833
Depreciation	43,706	43,786
Interest Expense	8,125	10,300
<b>Total Expenditures</b>	<b>103,461</b>	<b>126,292</b>

**Business-Type Expenditures**



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is used to assist in formatting, for easier reading)

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## **BASIC FINANCIAL STATEMENTS**

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**JOSEPH TOWN  
STATEMENT OF NET ASSETS**

June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	-	65,399	65,399
Accounts Receivable (Net)	-	10,485	10,485
Due From Other Government Units	4,184	6,996	11,180
<b>Total Current Assets</b>	<b>4,184</b>	<b>82,880</b>	<b>87,064</b>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	6,165	6,165
Capital Assets (Net of Accumulated Depreciation):			
Land	15,992	-	15,992
Buildings	96,066	58,630	154,696
Improvements Other Than Buildings	-	1,175,612	1,175,612
Machinery and Equipment	26,826	7,920	34,746
Infrastructure	136,785	-	136,785
Construction in Progress	-	106,729	106,729
<b>Total Noncurrent Assets</b>	<b>275,669</b>	<b>1,355,056</b>	<b>1,630,725</b>
<b>TOTAL ASSETS</b>	<b>279,853</b>	<b>1,437,936</b>	<b>1,717,789</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Cash Overdraft	22,350	-	22,350
Accounts Payable	-	-	0
Accrued Liabilities	2,410	-	2,410
Deposits Payable	-	2,640	2,640
Accrued Interest Payable	-	4,750	4,750
Revenue Bonds Payable - Due Within One Year	-	12,000	12,000
<b>Total Current Liabilities</b>	<b>24,760</b>	<b>19,390</b>	<b>44,150</b>
Noncurrent Liabilities:			
Revenue Bonds Payable - Due More Than One Year	-	299,000	299,000
<b>TOTAL LIABILITIES</b>	<b>24,760</b>	<b>318,390</b>	<b>343,150</b>
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Debt	275,669	1,037,891	1,313,560
Restricted For:			
Bond Retirement	-	6,165	6,165
Perpetual Care	2,156	-	2,156
Unrestricted	(22,732)	75,490	52,758
<b>TOTAL NET ASSETS</b>	<b>255,093</b>	<b>1,119,546</b>	<b>1,374,639</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>279,853</b>	<b>1,437,936</b>	<b>1,717,789</b>

See accompanying notes and accountant's report.



**JOSEPH TOWN  
STATEMENT OF ACTIVITIES**

**For The Fiscal Year Ended June 30, 2006**

Function/Programs Primary Government:	Program Revenues			Net (Expense) Revenues and		
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:						
General Government	46,868	7,824	4,739	-	(34,305)	-
Highways and Streets	81,279	-	24,753	-	(56,526)	-
Parks and Cemetery	6,977	1,700	-	-	(5,277)	-
Economic Development	5,414	-	-	-	(5,414)	-
Interest Expense	-	-	-	-	-	(8,125)
Total Governmental Activities	140,538	9,524	29,492	-	(101,522)	(8,125)
Business-Type Activities:						
Water Fund	103,461	87,057	-	99,198	-	82,794
Total Primary Government	243,999	96,581	29,492	99,198	(101,522)	74,669
General Revenues:						
Property Taxes					4,584	-
Fee-In-Lieu of Property Taxes					1,761	-
Sales Taxes					24,460	-
Impact Fees					-	2,810
Unrestricted Investment Earnings					3,194	224
Total General Revenues and Transfers					33,999	3,034
Change in Net Assets					(67,523)	77,703
Net Assets - Beginning					322,616	1,041,843
Net Assets - Ending					255,093	1,119,546

See accompanying notes and accountant's report.

**JOSEPH TOWN  
BALANCE SHEET  
GOVERNMENTAL FUNDS**

**For The Fiscal Year Ended June 30, 2006**

	<u>General Fund</u>	<u>Non Major Perpetual Care Permanent Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	-	2,156	2,156
Due From Other Government Units	<u>4,184</u>	<u>-</u>	<u>4,184</u>
<b>TOTAL ASSETS</b>	<u><u>4,184</u></u>	<u><u>2,156</u></u>	<u><u>6,340</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Cash Overdraft	24,506	-	24,506
Accrued Liabilities	<u>2,410</u>	<u>-</u>	<u>2,410</u>
<b>Total Liabilities</b>	<u><u>26,916</u></u>	<u><u>-</u></u>	<u><u>26,916</u></u>
Fund Balances:			
Reserved For:			
Perpetual Care	-	2,156	2,156
Unreserved, Reported In:			
General Fund	<u>(22,732)</u>	<u>-</u>	<u>(22,732)</u>
<b>Total Fund Balance</b>	<u><u>(22,732)</u></u>	<u><u>2,156</u></u>	<u><u>(20,576)</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>4,184</u></u>	<u><u>2,156</u></u>	<u><u>6,340</u></u>

See accompanying notes and accountant's report.

**JOSEPH TOWN**  
**BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

**June 30, 2006**

Total Fund Balances - Governmental Fund Types	(20,576)
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Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial resources  
and, therefore, are not reported in the funds:

Land	15,992
Buildings	96,066
Equipment	26,826
Infrastructure	<u>136,785</u>

Total	<u>275,669</u>
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Net Assets of Governmental Activities	<u><u>255,093</u></u>
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**JOSEPH TOWN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	General Fund	Non Major Perpetual Care Permanent Fund	Total Governmental Funds
<b>Revenues:</b>			
Taxes	30,805	-	30,805
Licenses and Permits	2,490	-	2,490
Intergovernmental Revenue	29,490	-	29,490
Charges for Services	1,700	-	1,700
Miscellaneous Revenues	8,530	-	8,530
<b>Total Revenues</b>	<u>73,015</u>	<u>-</u>	<u>73,015</u>
<b>Expenditures:</b>			
Current:			
General Government	43,751	-	43,751
Highways and Streets	65,157	-	65,157
Parks and Cemetery	5,224	-	5,224
Economic Development	5,414	-	5,414
Capital Outlay	6,784	-	6,784
<b>Total Expenditures</b>	<u>126,330</u>	<u>-</u>	<u>126,330</u>
<b>Net Change In Fund Balance</b>	(53,315)	-	(53,315)
<b>Fund Balance - Beginning</b>	<u>30,583</u>	<u>2,156</u>	<u>32,739</u>
<b>Fund Balance - Ending</b>	<u>(22,732)</u>	<u>2,156</u>	<u>(20,576)</u>

See accompanying notes and accountant's report.

**JOSEPH TOWN**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For The Fiscal Year Ended June 30, 2006**

Amounts reported for governmental activities in the statement of activities  
are different because:

Net Changes in Fund Balances - Total Governmental Funds	(53,314)
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Governmental funds report capital outlays as expenditures. However, in  
the statement of activities the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense. This is the  
amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	6,783	
Depreciation Expense	<u>(20,992)</u>	

Total		<u>(14,209)</u>
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Changes In Net Assets of Governmental Activities	<u><u>(67,523)</u></u>
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**JOSEPH TOWN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity Enterprise Fund
	<u>Water Fund</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	65,399
Accounts Receivable	10,485
Due From Other Governmental Units	<u>6,996</u>
Total Current Assets	<u>82,880</u>
Noncurrent Assets:	
Investments - Restricted:	
Bond Retirement	6,165
Capital Assets: (Net of Accum. Depr.)	
Buildings	58,630
Water System	1,175,612
Equipment	7,920
Construction in Progress	<u>106,729</u>
Total Noncurrent Assets	<u>1,355,056</u>
TOTAL ASSETS	<u><u>1,437,936</u></u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Deposits Payable	2,640
Bond Interest Payable	4,750
Bonds Payable - Current Portion	<u>12,000</u>
Total Current Liabilities	<u>19,390</u>
Noncurrent Liabilities:	
Bonds Payable - Long-Term Portion	<u>299,000</u>
TOTAL LIABILITIES	<u>318,390</u>
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	1,037,891
Restricted for Bonded Retirement	6,165
Unrestricted	<u>75,490</u>
TOTAL NET ASSETS	<u>1,119,546</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1,437,936</u></u>

See accompanying notes and accountant's report.

**JOSEPH TOWN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity Enterprise Fund
	<u>Water Fund</u>
<b>Operating Revenues:</b>	
Charges for Sales and Services:	
Water Fees	64,602
Connection Fees	2,050
Garbage	10,131
Landfill	8,306
Other	<u>1,968</u>
Total Operating Revenues	<u>87,057</u>
<b>Operating Expenses:</b>	
Salaries	27,175
Fringe Benefits	3,358
Travel	1,483
Landfill Expense	7,230
Office Supplies	718
Materials and Supplies	2,596
Utilities	12,784
Professional and Technical	2,155
Depreciation	43,706
Other	<u>2,256</u>
Total Operating Expenses	<u>103,461</u>
Operating Income	<u>(16,404)</u>
<b>Nonoperating Revenues (Expenses):</b>	
Impact Fees	2,810
Investment Earnings	224
Grant Proceeds	99,198
Interest Expense	<u>(8,125)</u>
Total Nonoperating Revenues (Expenses)	<u>94,107</u>
Change in Net Assets	77,703
Total Net Assets - Beginning	<u>1,041,843</u>
Total Net Assets - Ending	<u><u>1,119,546</u></u>

See accompanying notes and accountant's report.

**JOSEPH TOWN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity <u>Enterprise Fund</u>
	<u>Water Fund</u>
<b>Cash Flows From Operating Activities:</b>	
Receipts From Customers	77,728
Payments to Suppliers	(32,680)
Payments to Employees	<u>(27,175)</u>
Net Cash Provided by Operating Activities	<u>17,873</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Principal Paid on Capital Debt	(12,000)
Interest Paid on Capital Debt	(8,125)
Grant Revenue	<u>99,198</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>79,073</u>
<b>Cash Flows from Investing Activities:</b>	
Interest Received	224
Impact Fees	2,810
Water Improvements	<u>(106,729)</u>
Net Cash Provided (Used) by Investing Activities	<u>(103,695)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,749)
Cash and Cash Equivalents - Beginning	<u>78,313</u>
Cash and Cash Equivalents - Ending	<u><u>71,564</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</b>	
Operating Income	<u>(16,404)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:	
Depreciation	43,706
Increase (Decrease) in Operating Assets:	
Accounts Receivable	(9,339)
Accrued Interest Payable	(100)
Deposits Payable	<u>10</u>
Total Adjustments	<u>34,277</u>
Net Cash Provided (Used) by Operating Activities	<u><u>17,873</u></u>

See accompanying notes and accountant's report.



**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Joseph conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2006.

The following is a summary of the more significant policies:

**A. Reporting Entity**

The Town of Joseph is a municipal corporation in Sevier County, Utah. It is governed by an elected Mayor and four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, the Town of Joseph, the reporting entity. The Town has no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town of Joseph considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Government also reports the following Other Governmental Funds:

The Perpetual Care Fund which accounts for money received for upkeep and perpetual care of cemetery plots.

The Government reports the following Proprietary Funds:

The Utility Fund accounts for the activities of the Towns water operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments:**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Water System	40 Years
Machinery and Equipment	5 - 10 Years

**Long-Term Obligations:**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

**E. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. Property Taxes**

Property taxes are assessed and collected for the Town by Sevier County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Budgets and Budgetary Accounting:**

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town council on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the Town Board at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Some Towns find themselves with a deficit fund balance in one or more of their funds. The State Auditor has taken the position that a deficit, created by expenditures being made in excess of those budgeted, is an illegally created debit in violation of the Utah Constitution, Section XIV(3). As such, the total illegally created deficit should be budgeted to be made up in the following fiscal year. Deficits arising from emergencies are not illegal and may be retired over 5 years. Maximum in the general funds may not exceed 75% of the total estimated revenue of the general fund.

Once adopted, the budget may be amended by the Town council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The Town maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

**Deposits:**

At year-end, the carrying amount of the Town's deposits was (\$6,732) and the bank balance was \$24,459. All of this balance was covered by federal depository insurance. Utah State statutes do not require deposits to be collateralized, however, financial institutions must be approved by the State Money Management Council.

**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
Continued

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Cash and investments as of June 30, 2006, consist of the following:

	<u>Fair Value</u>
Demand Deposits	(6,732)
Investments - PTIF	<u>55,946</u>
Total Cash and Investments	<u><u>49,214</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	(22,350)
Business-Type Activities - Unrestricted	65,399
Business-Type Activities - Restricted	<u>6,165</u>
Total Cash and Cash Equivalents	<u><u>49,214</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

**Custodial Credit Risk:**

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2006, \$0 of the local government's bank balances of \$24,459 were uninsured and uncollateralized.

**Credit Risk:**

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

For the year ended June 30, 2006, the local governments has investments of \$55,946 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

**Interest Rate Risk:**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

**Concentration of Credit Risk:**

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**NOTE 3 - BOND RESERVES**

The Town of Joseph is required to deposit into one reserve funds in connection with their bond issues.

	<u>Balance</u>
1. CIB Water Bond Reserve Fund - \$480.00 per year until it reaches a maximum of \$14,000.00.	2,040
2. Debt Service Reserve Fund - \$206.25 per month until it reaches \$14,850.00.	<u>4,125</u>
Total	<u><u>6,165</u></u>



**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	8,600	-	-	8,600
Land Related to Infrastructure	7,392	-	-	7,392
 Total Capital Assets Not Being Depreciated	 <u>15,992</u>	 <u>-</u>	 <u>-</u>	 <u>15,992</u>
Capital Assets Being Depreciated:				
Buildings	139,500	-	-	139,500
Equipment	29,088	6,784	-	35,872
Infrastructure	318,624	-	-	318,624
 Total Capital Assets Being Depreciated	 <u>487,212</u>	 <u>6,784</u>	 <u>-</u>	 <u>493,996</u>
Less Accumulated Depreciation For:				
Buildings	39,792	3,642	-	43,434
Equipment	5,684	3,362	-	9,046
Infrastructure	167,851	13,988	-	181,839
 Total Accumulated Depreciation	 <u>213,327</u>	 <u>20,992</u>	 <u>-</u>	 <u>234,319</u>
 Total Capital Assets Being Depreciated (Net)	 <u>273,885</u>	 <u>(14,208)</u>	 <u>-</u>	 <u>259,677</u>
 Governmental Activities Capital Assets, Net	 <u>289,877</u>	 <u>(14,208)</u>	 <u>-</u>	 <u>275,669</u>

**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
Continued

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Construction in Progress	<u>-</u>	<u>106,729</u>	<u>-</u>	<u>106,729</u>
Total Capital Assets Not Being Depreciated	<u>-</u>	<u>106,729</u>	<u>-</u>	<u>106,729</u>
Capital Assets Being Depreciated:				
Buildings	83,219	-	-	83,219
Utility Systems	1,506,609	-	-	1,506,609
Equipment	<u>32,306</u>	<u>-</u>	<u>-</u>	<u>32,306</u>
Total Capital Assets Being Depreciated	<u>1,622,134</u>	<u>-</u>	<u>-</u>	<u>1,622,134</u>
Less Accumulated Depreciation For:				
Buildings	22,509	2,080	-	24,589
Utility Systems	293,331	37,666	-	330,997
Equipment	<u>20,426</u>	<u>3,960</u>	<u>-</u>	<u>24,386</u>
Total Accumulated Depreciation	<u>336,266</u>	<u>43,706</u>	<u>-</u>	<u>379,972</u>
Total Capital Assets Being Depreciated (Net)	<u>1,285,868</u>	<u>(43,706)</u>	<u>-</u>	<u>1,242,162</u>
Business Type Activities Capital Assets, Net	<u>1,285,868</u>	<u>63,023</u>	<u>-</u>	<u>1,348,891</u>
Total Capital Assets	<u><u>1,575,745</u></u>	<u><u>48,815</u></u>	<u><u>-</u></u>	<u><u>1,624,560</u></u>

**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
Continued

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	3,117	-	3,117
Highways and Streets	16,122	-	16,122
Public Health	-	43,706	43,706
Parks and Recreation	1,753	-	1,753
	<u>20,992</u>	<u>43,706</u>	<u>64,698</u>
Total Depreciation Expense			

**NOTE 5 - WATER SYSTEM IMPROVEMENTS**

The Permanent Community Impact board awarded the Town of Joseph a grant of \$565,000, a supplemental grant of \$220,000, and a \$300,000 loan for water system improvements. The project consists of the construction and installation of certain improvements to the Town's culinary water system including:

- 1) A new 400,000 gallon water storage tank
- 2) Redevelopment of two spring areas
- 3) Replacement of undersized pipe
- 4) 12 new or replacement fire hydrants
- 5) Related valves and service connections
- 6) Road repairs and fencing

The project was started in 2003 and was completed in 2004.

**NOTE 6 - LONG-TERM DEBT**

**1992 Parity Water Revenue Bonds:**

On May 15, 1992, the Town of Joseph issued \$100,000 of Parity Water Revenue Bonds which were purchased by the Community Impact Board. These bonds carry an interest rate of 3% computed on the unpaid balance. Principal and interest will be paid on July 1 of each year beginning July 1, 1993 and continuing until July 1, 2012 or for twenty years. The proceeds were used to construct, improve and extend the culinary water system of the Town.

**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
Continued

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 1st			
2006	5,000	750	5,750
2007	5,000	600	5,600
2008	5,000	450	5,450
2009	5,000	300	5,300
2010	5,000	150	5,150
Total	<u>25,000</u>	<u>2,250</u>	<u>27,250</u>

**2003 Parity Water Revenue Bond:**

On March 6, 2003, the Town of Joseph issued \$300,000 of Parity Water Revenue Bonds which were purchased by the Community Impact Board, for the purpose of providing funds to finance part of the cost of constructing, improving and extending the culinary water system of the Town of Joseph. The bonds carry an interest rate of 2.5% and require yearly payments on November 1st of each year for 30 years.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1st			
2006	7,000	7,150	14,150
2007	7,000	6,975	13,975
2008	7,000	6,800	13,800
2009	8,000	6,625	14,625
2010	8,000	6,425	14,425
2011-2015	43,000	29,050	72,050
2016-2020	49,000	23,350	72,350
2021-2025	55,000	16,975	71,975
2026-2030	61,000	9,750	70,750
2031-2035	41,000	2,075	43,075
Total	<u>286,000</u>	<u>115,175</u>	<u>401,175</u>

**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

Changes in long-term debt at June 30, 2006, are as follows:

Bond Issue:	Date of Issue	Interest Rate	Total Issued	Outstanding June 30, 2005	Current Year Changes			Outstanding June 30, 2006
					Issued	Matured		
Parity Water Revenue Bond Community Impact Board	1992	3.0%	100,000	30,000	-	5,000		25,000
Parity Water Revenue Bond Community Impact Board	2003	2.5%	300,000	293,000	-	7,000		286,000
Total			400,000	323,000	-	12,000		311,000

**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The following is a summary of total long-term debt to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	12,000	7,900	19,900
2007	12,000	7,575	19,575
2008	12,000	7,250	19,250
2009	13,000	6,925	19,925
2010	13,000	6,575	19,575
2011-2015	43,000	29,050	72,050
2016-2020	49,000	23,350	72,350
2021-2025	55,000	16,975	71,975
2026-2030	61,000	9,750	70,750
2031-2035	<u>41,000</u>	<u>2,075</u>	<u>43,075</u>
Total	<u>311,000</u>	<u>117,425</u>	<u>428,425</u>

**NOTE 7 - RESERVED FUND BALANCE - CLASS C ROADS**

The Town receives Class C Road money from the State of Utah for road construction and maintenance. The unexpended portion of this money is shown as reserved cash. The following is a schedule of changes in reserved fund balance - Class C Roads:

Fund Balance - Beginning of Year	25,000
Receipts:	
State of Utah	19,769
Interest	<u>1,278</u>
Total Receipts	21,047
Disbursements	<u>(46,047)</u>
Fund Balance - End of Year	<u>-</u>

**JOSEPH TOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 8 - PERPETUAL CARE FUND**

The following is a schedule of receipts and disbursements in the Cemetery Perpetual Care Fund:

Fund Balance - Beginning of Year	2,156
Receipts	-
Disbursements	<u>-</u>
Fund Balance - End of Year	<u><u>2,156</u></u>

**NOTE 9 - IMPACT FEES**

On November 7, 2002, the Town of Joseph approved a Culinary Water Impact Fee Ordinance to encourage and expedite the orderly growth and development of the Town. The fees assessed for water impacts will only cover the cost of the required actions to provide proper water fire suppression capacity and fire flows and adequate storage and distribution of culinary water to handle new growth and an adequate water source.

The minimum assessed impact fee of one (1) Equivalent Residential Connection (ERC) will be \$2,500 as outlined in the ordinance.

During the 2005-2006 fiscal year \$2,810 was collected and expended on allowable costs. There was no impact fee balance at year end. The Town plans to spend impact fees on debt service or construction projects.

**NOTE 10 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The Town is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

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is used to assist in formatting, for easier reading)



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**REQUIRED SUPPLEMENTARY  
INFORMATION  
"UNAUDITED"**

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**JOSEPH TOWN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**For The Fiscal Year Ended June 30, 2006**

**Budgetary Comparison Schedules:**

The Budgetary Comparison Schedules presented in this section of the report are for the Town's General Fund.

**Budgeting and Budgetary Control:**

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the Town Board prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Board through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

**JOSEPH TOWN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes:				
General Property Taxes	4,300	4,300	4,294	(6)
Prior Years Taxes	1,000	1,000	290	(710)
General Sales and Use Taxes	20,300	20,300	24,460	4,160
Fee-In-Lieu	1,800	1,800	1,761	(39)
Total Taxes	<u>27,400</u>	<u>27,400</u>	<u>30,805</u>	<u>3,405</u>
Licenses and Permits	<u>3,000</u>	<u>3,000</u>	<u>2,490</u>	<u>(510)</u>
Intergovernmental Revenue:				
Class C Road	22,000	22,000	19,769	(2,231)
State Grants	274,340	274,340	9,322	(265,018)
State Liquor Allotment	550	550	400	(150)
Total Intergovernmental Revenue	<u>296,890</u>	<u>296,890</u>	<u>29,491</u>	<u>(267,399)</u>
Charges for Services:				
Cemetery	2,000	2,000	1,700	(300)
Cemetery	9,000	9,000	-	(9,000)
Total Charges for Services	<u>11,000</u>	<u>11,000</u>	<u>1,700</u>	<u>(9,300)</u>
Other Revenue:				
Interest	3,000	3,000	3,194	194
Rents and Concessions	1,000	1,000	3,974	2,974
Miscellaneous	3,000	3,000	1,362	(1,638)
Use of Fund Balance	38,550	38,550	-	(38,550)
Total Miscellaneous Revenue	<u>45,550</u>	<u>45,550</u>	<u>8,530</u>	<u>(37,020)</u>
Amounts Available for Appropriation	<u>383,840</u>	<u>383,840</u>	<u>73,016</u>	<u>(310,824)</u>

**JOSEPH TOWN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2006**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
General Government:				
Administration	37,500	37,500	31,503	5,997
Capital Outlay	7,000	7,000	6,784	216
Non-Departmental	1,000	1,000	12,248	(11,248)
Total General Government	45,500	45,500	50,535	(5,035)
Highway and Public Improvements:				
Repairs and Maintenance	18,000	18,000	65,157	(47,157)
Capital Outlay	221,940	221,940	-	221,940
Total Highways and Public Improvements	239,940	239,940	65,157	174,783
Parks and Cemetery:				
Parks	3,000	3,000	1,666	1,334
Cemetery	3,000	3,000	3,558	(558)
Total Culture and Recreation	6,000	6,000	5,224	776
Community and Economic Development	92,400	92,400	5,414	86,986
Total Charges to Appropriations	383,840	383,840	126,330	257,510
Excess Revenues Over (Under) Expenditures	-	-	(53,314)	(53,314)
Fund Balance - Beginning of Year			30,583	
Fund Balance - End of Year			(22,731)	